

AMENDED IN SENATE MAY 14, 2002

AMENDED IN SENATE APRIL 25, 2002

AMENDED IN SENATE APRIL 23, 2002

**SENATE BILL**

**No. 1679**

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**Introduced by Senator Polanco**

February 21, 2002

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An act to amend Section 923 of, and to add Section 923.1 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1679, as amended, Polanco. Insurance.

Existing law requires an insurer doing business in California to make and file annually with the Insurance Commissioner a statement pursuant to specified forms and instructions adopted by the National Association of Insurance Commissioners.

This bill would require the commissioner to require insurers to report certain information concerning all community development investments made in California in addition to the annual statement. The bill would authorize the ~~commissioner~~ *Department of Insurance* to recognize an insurer through a public notice if the insurer makes certain community development investments in a calendar year. The bill would also authorize an insurer to advertise that it has made these community development investments.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 923 of the Insurance Code is amended to read:

923. (a) The commissioner shall require every insurer that is required to file an annual statement to use the annual statement blanks and instructions thereto adopted by the National Association of Insurance Commissioners. The statements shall be completed in conformity with the Accounting Practices and Procedures Manual adopted by the National Association of Insurance Commissioners, to the extent that the practices and procedures contained in the manual do not conflict with any other provision of this code. The commissioner may make changes from time to time in the form of the statements and reports as seem to him or her best adapted to elicit from the insurers a true exhibit of their condition. The commissioner shall notify each insurer of any changes from the National Association of Insurance Commissioners' annual statement blanks that the commissioner has determined pursuant to this section to be appropriate.

(b) (1) The commissioner shall require every insurer that is required to file an annual statement to annually report information concerning all community development investments made in California.

(2) *Each insurer subject to this section shall report the number and dollar amount of community development investments by location, including street address, city, or county if an unincorporated area, and by category, as specified in paragraph (3), and shall report whether the investments are new for the reporting year or are ongoing holdings.*

(3) For purposes of this section, "community development investments" means investments ~~whose, including, but not limited to, debt or equity securities, or the establishment of deposits that have the primary purpose is community development and that consist of~~ *of developing communities by supporting any* of the following:

(A) Affordable housing for low-income and moderate-income persons.

(B) Community *facilities* or services targeted to low-income and moderate-income persons.

~~(C) Promoting economic development for low-income and moderate-income persons by assisting these persons in financing businesses or farms with gross annual revenues of one million dollars (\$1,000,000) or less. Economic development benefiting low-income and rural communities, residents, businesses, and nonprofit community service organizations.~~

~~(D) Revitalizing or stabilizing~~ *Revitalized or stabilized* low-income and moderate-income areas.

(E) Investments that are otherwise consistent with qualified investments described by federal regulatory interpretation of the federal Community Reinvestment Act (12 U.S.C. Sec. 2901).

~~(3)~~

~~(4)~~ For purposes of ~~this subdivision~~ *subparagraph (E) of paragraph (3)*, “qualified investments” ~~mean~~ *means* lawful investments; ~~or deposits, or membership shares or grants~~ that have as their primary purpose community development.

~~(e) Each insurer subject to this section shall report the number and dollar amount of community development investments by location, including city, or county if an unincorporated area, and by category, as specified in paragraph (2) of subdivision (b), and shall report whether the investments are new for the reporting year or are ongoing holdings.~~

*(c) The commissioner shall make available to the public all information received under subdivision (b) pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.*

*(d) Nothing in this section shall be construed to exempt an admitted insurer from investment laws that are otherwise applicable to it under this code. Nothing in this section shall be construed to authorize or permit an insurer to make an investment that is unsound in relation to its business plan and operations.*

SEC. 2. Section 923.1 is added to the Insurance Code, to read:

923.1. (a) Any insurer that is required to file an annual statement and that meets or exceeds an investment level of one-third of 1 percent of *California* direct written premiums in community development investments, as defined in Section 923, made in California in any calendar year may be recognized by the ~~commissioner or department~~ in one or more public notices of that achievement.

1 (b) (1) Any insurer that meets or exceeds the community  
2 development investment level *and is recognized by the*  
3 *department* pursuant to subdivision (a) may advertise that  
4 achievement as recognized by the State of California in words such  
5 as “a recognized insurance company for investing in developing  
6 California communities” or any similar statement authorized by  
7 the commissioner prior to its public dissemination.

8 (2) *Any written or oral advertisements, including, but not*  
9 *limited to, paid or unpaid commercial or noncommercial*  
10 *advertising, by an insurer with reference to the insurer’s*  
11 *community investment level may reference the department but*  
12 *shall not reference the commissioner by name or office, or include*  
13 *the commissioner’s voice, image, or likeness.*

